

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2014

LEAF: 229.1
REVISION: 5
SUPERSEDING REVISION: 4

GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.2.4 The LTC shall not be assessed on qualifying EZR load or qualifying EJP load or any portion of a customer's power that is supplied by NYPA, including Replacement and Expansion, Power For Jobs, Economic Development Power, and High Load Factor Fitzpatrick Power.

46.2.5 The LTC shall be assessed on a volumetric basis to applicable customers in all service classifications as a line item on delivery bills and will include the NYPA Benefit applicable to Service Classification Nos. 1 and 1-C per Rule 46.2.6.

46.2.6 NYPA Hydropower Benefit Mechanism ("NYPA Benefit") - The benefits associated with the net market value of NYPA Rural & Domestic (R&D) power, -the benefit of the monthly Residential Consumer Discount Program payment ("RCD payment") [and the Residential Agricultural Discount \("RAD"\) Program under the New York Public Authorities Law §1005, Subdivision 13-b](#), are applicable to Service Classification Nos. 1 and 1-C only.

46.2.6.1 "NYPA R&D Contract" is defined as the contract for Niagara Peaking power.

46.2.6.2 The net market value of the NYPA R&D Contract is defined as the monthly contract cost less the market value of the generation.

46.2.6.3 The portion of the NYPA Benefit associated with the NYPA R&D Contract shall be calculated monthly as the sum of (1) the monthly forecasted contract cost minus the forecasted market value of the NYPA R&D Contract, and (2) any reconciliation balance from two months prior determined pursuant to Rule 46.2.6.4. The resulting factor shall be calculated as the amount so determined divided by the forecasted kWh sales for the applicable month of Service Classification Nos. 1 and 1-C customers. The forecasted market value of generation associated with the NYPA R&D Contract will be determined based on the forecasted monthly market prices as set forth in 46.1.1.

46.2.6.4 The portion of the NYPA Benefit associated with the NYPA R&D Contract shall be subject to reconciliation in which the actual net market value shall be calculated and compared to the actual revenue billed by the factor in Rule 46.2.6.3 for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the Rule 46.2.6.3 factor in effect two months later.

46.2.6.5 The portion of the NYPA Benefit associated with the RCD payment shall be calculated monthly as the sum of (1) the RCD payment scheduled for the applicable month, and (2) any reconciliation balance from two months prior, determined pursuant to Rule 46.2.6.6. The resulting factor shall be calculated as the amount so determined divided by the forecasted kWh sales for the applicable month of Service Classification Nos. 1 and 1-C customers.

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46. SUPPLY SERVICE CHARGES (Continued)

46.2.6.6 The portion of the NYPA Benefit associated with the RCD payment shall be subject to reconciliation in which the RCD payment value shall be compared to the actual revenue billed by the factor in Rule 46.2.6.5 for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the Rule 46.2.6.5 factor in effect two months later.

The monthly RCD payment provided to customers shall not exceed the total monthly electric utility bill for each customer, and shall be shown as a separate factor on the Supply Service Charge Statement.

46.2.6.7 The RAD Program is applicable to agricultural customers who receive their electric service at the Company's residential rates, SC 1 and SC 1-C, of this schedule. The RAD Program is administered on an annual basis from September 1 to August 31 of each year.

46.2.6.7.1 Customers must initially apply for the RAD Program by filling out the Company's Application for Residential Agricultural Discount ("RAD") Program Form and by providing the Company with a copy of Internal Revenue Service Form ("IRS") - Schedule F (Form 1040) -Profit or Loss From Farming as filed with the customer's most recent federal income tax return.

46.2.6.7.2 The RAD shall be calculated monthly based on the monthly forecast sales of each customer who the Company has received the required documentation in Rule 46.2.6.7.1 above and is scheduled to receive a credit under the RAD Program.

46.2.6.7.3 The RAD will be applied to customers bills no later than three billing cycles from when the Company receives the completed application form and a copy of the customer's filed IRS Schedule F. Once received, the customer will be eligible to receive credits for a 12-month period of September 1 to August 31.

46.2.6.7.3.1 Customers must reapply by July 1 of each year by providing their current IRS Schedule F as filed with their federal income tax return

46.2.6.7.3.2 If the above documentation in Rule No. 46.2.6.7.3.1 is not received by July 1, customers will forego their RAD credit on August 31 until the documentation in Rule 46.2.6.7.3.1 is provided to the Company

46.2.6.7.4 The RAD shall be subject to a monthly reconciliation for any over/under credits. Any over/under credits as a result of the reconciliation will be added or subtracted from the monthly RCD payment on a two-month lag basis.

46.2.6.7.5 The monthly RAD provided to customers shall not exceed the net monthly electric delivery utility bill and will be applied after any RCD payments have been credited to customers.

46.2.6.7.6 The RAD Program factor will be shown as a separate factor on the Supply Service Charge Statement and filed with the Public Service Commission apart from this rate schedule not less than three (3) business days before its effective date. Such statements effective dates will coincide with the first billing batch of each month.

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.2.7 The Nine Mile Unit #2 PPA converted to a Revenue Sharing Agreement (RSA), effective December 1, 2011. The RSA will provide the Company with a quarterly credit of eighty percent of the amount by which actual market prices exceed a specific schedule of floor prices as identified in the RSA. Any applicable payments received under the RSA for a contract quarter will be refunded to customers beginning in the calendar month following the month in which the payment is received. Such payments will be refunded to customers over three consecutive months. An allowance for carrying charges at the currently approved customer deposit rate in effect at the time of the payment will also be included. The monthly credits will be added to the net market value forecast of the other Legacy Contracts in Rule 46.2.2

46.3 All customers receiving commodity service in accordance with Rule 46.1 will also be subject to the Electricity Supply Reconciliation Mechanism ("ESRM"). The ESRM will consist of:

46.3.1 New Hedge Adjustment – The costs and benefits associated with the net market value of New Hedges and applicable to Service Classification Nos. 1 and 2 (Non-Demand).

46.3.1.1 New Hedges are defined as all power purchase contracts executed on or after June 1, 2001, excluding NYPA contracts which are subject to Rule 46.2.6.

46.3.1.2 The net market value of each New Hedge contract is defined as the monthly contract cost less the market value.